

**MEETING DATE:** April 27, 2017

**TITLE:** Authorization to Accept Tort Liability Limits

**RESOLUTION NUMBER:** 17-032

**PREPARED BY:** Lars Erdahl

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**REVIEWED BY:**  Administrator       Counsel       Program Mgr. (Name): \_\_\_\_\_  
 Board Committee       Engineer       Other: Bearance Insurance Group

**WORKSHOP ACTION:**

Advance to Board mtg. Consent Agenda.       Advance to Board meeting for discussion prior to action.  
 Refer to a future workshop (date): \_\_\_\_\_       Refer to taskforce or committee (date): \_\_\_\_\_  
 Return to staff for additional work.       No further action requested.  
 Other (specify): \_\_\_\_\_

**PURPOSE or ACTION REQUESTED:**

The District does not waive the monetary limits on tort liability established by Minnesota Statutes 466.04 and authorizes the Administrator to advise the LMCIT accordingly.

**PROJECT/PROGRAM COST:**

Included in current budget.

**PAST BOARD ACTIONS:**

Annual action.

**SUMMARY:**

Prior to renewal of their policy, an organization receiving liability coverage from the League of Minnesota Cities Insurance Trust Fund (LMCITF) must decide whether or not to waive statutory tort liability limits to the extent of the coverage purchased when renewing their policy. The statutory limit for individual recovery is \$500,000 and combined recovery total is \$1.5 million.

Since 2000, the Board has opted to increase its statutory limit for individual recovery. At the time this practice started, the individual recovery was capped at \$300,000. Subsequently, the legislature has increased tort limits and, therefore, District counsel advises that we discontinue the practice of waiving limits.





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## LIABILITY COVERAGE – WAIVER FORM

**LMCIT members purchasing coverage must complete and return this form to LMCIT before the effective date of the coverage. Please return the completed form to your underwriter or email to [pstech@lmc.org](mailto:pstech@lmc.org)**

This decision must be made by the member's governing body every year. You may also wish to discuss these issues with your attorney.

League of Minnesota Cities Insurance Trust (LMCIT) members that obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. The decision has the following effects:

- *If the member does not waive the statutory tort limits*, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits apply regardless of whether the city purchases the optional excess liability coverage.
- *If the member waives the statutory tort limits and does not purchase excess liability coverage*, a single claimant could potentially recover up to \$2,000,000 for a single occurrence. (Under this option, the tort cap liability limits are waived to the extent of the member's liability coverage limits, and the LMCIT per occurrence limit is \$2 million.) The total all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.
- *If the member waives the statutory tort limits and purchases excess liability coverage*, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

\_\_\_\_\_  
LMCIT Member Name

Check one:

- The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by Minnesota Statutes, Section 466.04.
- The member **WAIVES** the monetary limits on municipal tort liability established by Minnesota Statutes, Section 466.04 to the extent of the limits of the liability coverage obtained from LMCIT.

Date of city council/governing body meeting \_\_\_\_\_

Signature \_\_\_\_\_ Position \_\_\_\_\_